

DIRECT MARKETING CONCEPTS, INC.

**Report on Applying Agreed-Upon Procedures
to Specified Financial Statement Elements
for period January 1, 2003 through
June 30, 2004**



PANNELL
KERR
FORSTER PC

Certified Public Accountants

75 Federal Street
Boston, MA 02110

Tel: (617) 753-9985
Fax: (617) 753-9986

Independent Accountants' Report on Applying Agreed-Upon Procedures

To Direct Marketing Concepts, Inc.:

We have performed the procedures described in Attachment A, which were agreed to by Direct Marketing Concepts, Inc. and the Federal Trade Commission (the specified parties), solely to assist you with respect to ascertaining certain information about Supreme Greens with MSM contained in the accounting records of Direct Marketing Concepts, Inc. and a related entity ITV Direct, Inc. for the period January 1, 2003 through June 30, 2004, as specified in Section VI. B. 1. through 7. of the Preliminary Injunction Order dated June 23, 2004, entered by the United States District Court, District of Massachusetts on behalf of the Federal Trade Commission, as Plaintiff. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified parties of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are described in Attachment A.

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the certain information about Supreme Greens with MSM contained in the accounting records of Direct Marketing Concepts, Inc. and a related entity ITV Direct, Inc. for the period January 1, 2003 through June 30, 2004, as specified in Section VI. B. 1. through 7. of the Preliminary Injunction Order dated June 23, 2004, entered by the United States District Court, District of Massachusetts on behalf of the Federal Trade Commission, as Plaintiff. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of Direct Marketing Concepts, Inc. and the Federal Trade Commission and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Pannell Kerr Forster PC".

August 16, 2004

ITV 00518

ATTACHMENT A

DIRECT MARKETING CONCEPTS, INC.
 AGREED-UPON PROCEDURES AND FINDINGS
 PERIOD JANUARY 1, 2003 THROUGH JUNE 30, 2004

<u>Order Section</u>	<u>Order Page</u>	<u>Description of information requested by the Preliminary Injunction Order dated June 23, 2004</u>	<u>Procedures</u>	<u>Findings</u>
VI. B. 1.	24	"[A]ll revenues collected and obtained by the Defendants, directly or through any other corporation, partnership, limited liability corporation, or other entity, in connection with the sale in the United States of Supreme Greens with MSM, and the location and/or transfer of all such revenues."	<p>1. We requested that Direct Marketing Concepts, Inc. provide to us reports summarizing, by month, the sales of Supreme Greens with MSM from the date of the first sale of the product through June 30, 2004.</p> <p>2. We math checked 50% of the reports entitled "Shipped Orders by Call Source, Summary" by adding individual components of the "Total" column and compared the calculated grand total to the grand total printed on the report. [The individual amounts in the "Total" column represent the total individual sales, including the billed shipping and handling charge.] The periods we selected for testing were: May, 2004; March, 2004; January, 2004; November, 2003; September, 2003; and the period January 1, 2003 through August 31, 2003.</p>	<p>1. We obtained from Direct Marketing Concepts, Inc. reports entitled "Shipped Orders by Call Source, Summary" (which summarize the sales recorded during the period specified for all categories of Supreme Greens with MSM – SGAA, SGBB, SGCC and SGRN) for the following periods: each month in the period September, 2003 through June, 2004; and the period January 1, 2003 through August 31, 2003 taken in its entirety. These reports were generated from the company's "salesystem." [The sales and refund databases are maintained in a database called Mysql. "Middleware" called Lasso allows the user to access the database and print out reports via Web pages.] Sales are recorded when the products are shipped to the customer.</p> <p>2. We found our calculated totals to be in agreement with the grand totals printed on the reports for each of the periods selected for testing.</p>

DIRECT MARKETING CONCEPTS, INC.
 AGREED-UPON PROCEDURES AND FINDINGS
 PERIOD JANUARY 1, 2003 THROUGH JUNE 30, 2004

ATTACHMENT A

<u>Order Section</u>	<u>Order Page</u>	<u>Description of information requested by the Preliminary Injunction Order dated June 23, 2004</u>	<u>Procedures</u>	<u>Findings</u>
VI. B. 1. cont'd			<p>3. We obtained from Direct Marketing Concepts, Inc. a report entitled "Shipped Orders by Call Source, Itemized" for the period January 1, 2003 through August 31, 2003 to determine the date when the first shipment (sale) was recorded for Supreme Greens with MSM. This report was also generated from the company's "Sales System." [Sales are recorded when the product is shipped to the customer.]</p> <p>4. We requested that Direct Marketing Concepts, Inc. provide to us a summary of the sales of Supreme Greens with MSM, by month of revenue.</p> <p>5. We traced the Total of the sales for each of the periods for which reports entitled "Shipped Orders by Call Source, Summary" (which summarize the sales recorded during the period specified for all categories of Supreme Greens with MSM – SGAA, SGBB, SGCC and SGRN) were generated in #1 above and compared them to the listed total for each of the periods as summarized on the report entitled "Supreme Greens Revenues by Month".</p> <p>6. We requested that Direct Marketing Concepts, Inc. provide to us a report detailing any sales of Supreme Greens with MSM which were not recorded through the "salesystem" but were recorded directly in the</p>	<p>3. We noted that the first sale was shipped and recorded on August 16, 2003.</p> <p>4. We obtained from Direct Marketing Concepts, Inc. a report entitled "Supreme Greens Revenues By Month for the period January 1, 2003 through June 2004."</p> <p>5. We found the totals for each period on the report entitled "Supreme Greens Revenues by Month" to be in agreement with the totals on the individual period reports entitled "Shipped Orders by Call Source, Summary."</p> <p>6. We obtained from Direct Marketing Concepts, Inc. a report entitled "Supreme Greens Sales 'Master-Distributors' (from General Ledger) August 16, 2003 through June 30, 2004." [August 16, 2003 was the date</p>

Page 2 of 28

ATTACHMENT A

DIRECT MARKETING CONCEPTS, INC.
 AGREED-UPON PROCEDURES AND FINDINGS
 PERIOD JANUARY 1, 2003 THROUGH JUNE 30, 2004

<u>Order Section</u>	<u>Order Page</u>	<u>Description of information requested by the Preliminary Injunction Order dated June 23, 2004</u>	<u>Procedures</u>	<u>Findings</u>
VI. B. 1. cont'd			<p>Quickbooks general ledger system.</p> <p>7. We traced the total of sales detailed on the report entitled "Supreme Greens Sales 'Master-Distributors' (from General Ledger) August 16, 2003 through June 30, 2004" to the amount labeled "Adjustment to Account for Supreme Greens Sales recorded in the General Ledger but not recorded in the Sales System" on the report entitled "Supreme Greens Revenues by Month".</p> <p>8. We math checked the summary report entitled "Supreme Greens Sales by Month" for the period January 1, 2003 through June 30, 2004 (which was described in #4 immediately above) by adding individual components of the "Total" column and the "Adjustment" described in item #7 immediately above and compared the calculated grand total to the grand total printed on the report.</p>	<p>of the first sale of Supreme Greens with MSM.]</p> <p>7. We found the amounts to be in agreement.</p> <p>8. We found that our calculated grand total of the individual period total sales amounts on the report entitled "Shipped Orders by Call Source, Summary" and the "Adjustment" described in item #7 immediately above agreed with the total printed on the report entitled "Supreme Greens Sales by Month".</p>
VI. B. 2.	24	"[T]he amount of all refunds provided by the Defendants to consumers, directly or through any other corporation, partnership, limited liability corporation, or other entity, in connection with the sale of Supreme Greens with MSM."	1. We requested that Direct Marketing Concepts, Inc. provide to us reports summarizing, by month, credit card refunds related to the sales of Supreme Greens with MSM from the date of the first sale of the product through June 30, 2004.	<p>1. We obtained from Direct Marketing Concepts, Inc. reports entitled "Refunds by Call Source, Summary" (which summarize the credit card refunds issued during the period specified for all categories of Supreme Greens with MSM - SGAA, SGBB, SGCC and SGRN) for the following periods: each month in the period September, 2003 through June, 2004; and the period</p>

DIRECT MARKETING CONCEPTS, INC.
 AGREED-UPON PROCEDURES AND FINDINGS
 PERIOD JANUARY 1, 2003 THROUGH JUNE 30, 2004

ATTACHMENT A

<u>Order Section</u>	<u>Order Page</u>	<u>Description of information requested by the Preliminary Injunction Order dated June 23, 2004</u>	<u>Procedures</u>	<u>Findings</u>
VI. B. 2. cont'd			<p>2. We math checked 50% of the reports entitled "Refunds by Call Source, Summary" by adding individual components of the "Total" column and compared the calculated grand total to the grand total printed on the report. [The individual amounts in the "Total" column represent the total individual refunds issued.] The periods we selected for testing were: June, 2004; April, 2004; February, 2004; December, 2003; October, 2003; and the period January 1, 2003 through August 31, 2003.</p> <p>3. We obtained from Direct Marketing Concepts, Inc. a report entitled "Refunds by Call Source, Itemized" for the period January 1, 2003 through August 31, 2003 to determine the date of the first refund issued related to a sale of Supreme Greens with MSM. This report was also generated from the company's "salessystem."</p>	<p>January 1, 2003 through August 31, 2003 taken in its entirety. These reports were generated from the company's "salessystem." [The sales and refund databases are maintained in a database called Mysql. "Middleware" called Lasso allows the user to access the database and print out reports via Web pages.] Sales are recorded when the products are shipped to the customer.</p> <p>2. We found our calculated totals to be in agreement with the grand totals printed on the reports for each of the periods selected for testing.</p> <p>3. We noted that the first refund was issued and recorded on August 18, 2003.</p>

Page 4 of 28

ITV 00522

ATTACHMENT A

DIRECT MARKETING CONCEPTS, INC.
 AGREED-UPON PROCEDURES AND FINDINGS
 PERIOD JANUARY 1, 2003 THROUGH JUNE 30, 2004

<u>Order Section</u>	<u>Order Page</u>	<u>Description of information requested by the Preliminary Injunction Order dated June 23, 2004</u>	<u>Procedures</u>	<u>Findings</u>
VI. B. 2. cont'd			<p>4. We requested that Direct Marketing Concepts, Inc. provide to us a summary schedule of all refunds related to sales of Supreme Greens with MSM.</p> <p>5. We traced the Total of the credit card refunds for each of the periods for which reports entitled "Refunds by Call Source, Summary" (which summarize the refunds issued during the period specified for all categories of Supreme Greens with MSM - SGAA, SGBB, SGCC and SGRN) were generated in #1 above and compared them to the listed total for the period as summarized on the summary report prepared by Direct Marketing Concepts, Inc. entitled "Supreme Greens Refunds by Month".</p> <p>6. We requested that Direct Marketing Concepts, Inc. provide to us reports showing the manual checks issued for refunds related to the sales of Supreme Greens with MSM from the date of the first sale of the product through June 30, 2004.</p>	<p>4. We obtained from Direct Marketing Concepts, Inc. a summary schedule entitled "Supreme Greens Refunds by Month."</p> <p>5. We found the totals for each period on the report entitled "Supreme Greens Refunds by Month" to be in agreement with the totals on the individual period reports entitled "Refunds by Call Source, Summary."</p> <p>6. We obtained from Direct Marketing Concepts, Inc. reports entitled "Customer refunds issued" for each refund date in the period September 19, 2003 (the first refund date which included a refund related to the sales of Supreme Greens with MSM) through June 17, 2004 (the last refund date prior to June 30, 2004 which included a refund related to the sales of Supreme Greens with MSM). [These reports are derived from Excel worksheets maintained by the Customer Services Department of Direct Marketing Concepts, Inc.] These reports had been formatted by Direct Marketing Concepts, Inc. so that the total of all refunds related to</p>

ATTACHMENT A

DIRECT MARKETING CONCEPTS, INC.
 AGREED-UPON PROCEDURES AND FINDINGS
 PERIOD JANUARY 1, 2003 THROUGH JUNE 30, 2004

<u>Order Section</u>	<u>Order Page</u>	<u>Description of information requested by the Preliminary Injunction Order dated June 23, 2004</u>	<u>Procedures</u>	<u>Findings</u>
VI. B. 2. cont'd			<p>11. We traced the total of the summary report entitled "Supreme Greens Manual Check Refunds By Refund Check Date" to the summary report the summary report entitled "Supreme Greens Refunds by Month."</p> <p>12. We math checked the report entitled "Supreme Greens Refunds by Month" which was described in #4 immediately above by adding individual components of the "Total Refund" column and compared the calculated grand total to the grand total printed on the report.</p>	<p>printed on the report.</p> <p>11. We found that the total of the summary report entitled "Supreme Greens Manual Check Refunds By Refund Check Date" agreed with the amount labeled "Refunds granted by manual checks" on the summary report entitled "Supreme Greens Refunds by Month."</p> <p>12. We found that our calculated subtotal of credit card refunds on the report entitled "Supreme Greens Refunds by Month" agreed with the subtotal printed on the report, labeled "SubTotal Refunds." We also found our calculated grand total of "SubTotal Refunds" and "Refunds granted by manual checks" agreed with the "Grand Total Refunds" printed on the report.</p>
VI. B. 3.	24	<p>"[I]nformation sufficient to show the flows of all monies received by the Defendants, directly or indirectly, from the sale in the United States of Supreme Greens with MSM."</p> <p>This was interpreted to be "net sales" per a conference call discussion on 7/2/04 with Daniel Kaufman, a lawyer with the Federal Trade Commission.</p>	<p>1. We requested that Direct Marketing Concepts, Inc. provide to us a report that would summarize the aggregate total sales of, and aggregate total refunds related to, Supreme Greens with MSM from the date of the first sale of the product through June 30, 2004, with the two totals netting to net sales of Supreme Greens with MSM for that period.</p> <p>2. We compared the amounts labeled "Total Revenues" and "Total Refunds" on the report entitled "Supreme Greens Net Revenue" to the respective grand totals on</p>	<p>1. We obtained from Direct Marketing Concepts, Inc. a report entitled "Supreme Greens Net Revenue" that summarized the grand total of gross revenue (from Item VI. B. 1. above) and the grand total of refunds (from Item VI. B. 2. above) both for Supreme Greens with MSM from the date of the first sale of the product through June 30, 2004.</p> <p>2. We found the amounts labeled "Total Revenues" and "Total Refunds" on the report entitled "Supreme Greens Net Revenue" to be in agreement with the</p>

DIRECT MARKETING CONCEPTS, INC.
 AGREED-UPON PROCEDURES AND FINDINGS
 PERIOD JANUARY 1, 2003 THROUGH JUNE 30, 2004

ATTACHMENT A

<u>Order Section</u>	<u>Order Page</u>	<u>Description of information requested by the Preliminary Injunction Order dated June 23, 2004</u>	<u>Procedures</u>	<u>Findings</u>
VI. B. 3. cont'd			<p>the reports "Supreme Greens Revenues by Month" and "Supreme Greens Refunds by Month" (discussed above).</p> <p>3. We math checked the report entitled "Supreme Greens Net Revenue" which was described in #2 immediately above.</p>	<p>respective grand totals on the reports "Supreme Greens Revenues by Month" and "Supreme Greens Refunds by Month" (discussed above).</p> <p>3. When we recalculated the net of item labeled "Total Revenues" less the item labeled "Total Refunds," we found that our net total agreed with the amount labeled "Net Revenues" which was printed on the report entitled "Supreme Greens Net Revenues."</p>
VI. B. 4.	25	"[A]ll costs and expenses incurred by the Defendants, directly or through any other corporation, partnership, limited liability corporation, or other entity, in connection with the sale or marketing of Supreme Greens with MSM in the United States."	<p><u>A. Cost of Product Sold</u></p> <p>1. We requested that Direct Marketing Concepts, Inc. provide to us a report summarizing all purchases of Supreme Greens with MSM by Direct Marketing Concepts, Inc. from the date of the first purchase of the product through June 30, 2004.</p> <p>2. We traced the individual purchases for which the invoices had been paid through June 30, 2004 to the Direct Marketing Concepts, Inc. report "Credits to ALL Cash Accounts, January 1, 2003 through June 30,</p>	<p>1. We obtained from Direct Marketing Concepts, Inc. a report entitled "Cost of Supreme Greens Product Sold" This report summarizes the purchases of Supreme Greens with MSM during the period specified and then subtracts the inventory of Supreme Greens with MSM on hand at 6/30/04, to arrive at the net cost of Supreme Greens with MSM products sold during the specified period. These data were extracted from the databases of reconciled transactions in the Quickbooks general ledger systems utilized by Direct Marketing Concepts, Inc.</p> <p>2. We found that all individual purchases listed on the report "Cost of Supreme Greens Product Sold" for which the invoices had been paid by June 30, 2004 were also on the report "Credits to ALL Cash</p>

Page 8 of 28

DIRECT MARKETING CONCEPTS, INC.
 AGREED-UPON PROCEDURES AND FINDINGS
 PERIOD JANUARY 1, 2003 THROUGH JUNE 30, 2004

ATTACHMENT A

<u>Order Section</u>	<u>Order Page</u>	<u>Description of information requested by the Preliminary Injunction Order dated June 23, 2004</u>	<u>Procedures</u>	<u>Findings</u>
VI. B. 4. cont'd			<p>2004," a report showing all credits recorded in all cash accounts (i. e., all cash disbursements and transfers) for the period January 1, 2003 through June 30, 2004, sorted by pay date, in ascending date order from January 1, 2003. [This report is more completely described in Order Section VI. B. 6. below.]</p> <p>3. We requested the Direct Marketing Concepts, Inc. provide to us a report showing all invoices for the purchase of Supreme Greens with MSM which remained unpaid at June 30, 2004.</p> <p>4. We traced the individual purchases on the report entitled "Cost of Supreme Greens Product Sold For the Period January 2003 through June 2004" that had not yet been paid as of June 30, 2004 to the report entitled "Unpaid Bills for Supreme Greens Product As of June 30, 2004."</p>	<p>Accounts, January 1, 2003 through June 30, 2004," and in the same amounts. Since the report "Credits to ALL Cash Accounts, January 1, 2003 through June 30, 2004" does not detail the product being purchased, the latter report could not be reviewed for possible additional purchases not listed on "Cost of Supreme Greens Product Sold." It was noted, however, that there were no additional purchases on the report "Credits to ALL Cash Accounts, January 1, 2003 through June 30, 2004" from Direct Business Concepts, the prime vendor for Supreme Greens with MSM.</p> <p>3. We obtained from Direct Marketing Concepts, Inc. a report entitled "Unpaid Bills for Supreme Greens Product As of June 30, 2004" which listed six invoices to Direct Business Concepts that remained unpaid at June 30, 2004.</p> <p>4. We found, with one exception, that all individual purchases listed on the report "Cost of Supreme Greens Product Sold For the Period January 2003 through June 2004" that had not yet been paid for by June 30, 2004 were also on the report "Unpaid Bills for Supreme Greens Product As of June 30, 2004." The one exception involved an invoice dated 12/31/03 for a purchase from Direct Business Concepts. It was listed on the report "Cost of Supreme Greens Product Sold</p>

Page 9 of 28

ITV 00527

DIRECT MARKETING CONCEPTS, INC.
 AGREED-UPON PROCEDURES AND FINDINGS
 PERIOD JANUARY 1, 2003 THROUGH JUNE 30, 2004

ATTACHMENT A

<u>Order Section</u>	<u>Order Page</u>	<u>Description of information requested by the Preliminary Injunction Order dated June 23, 2004</u>	<u>Procedures</u>	<u>Findings</u>
VI. B. 4. cont'd			<p>5. We requested that Direct Marketing Concepts, Inc. provide to us an inventory report which showed the inventory of Supreme Greens with MSM on hand at 6/30/04.</p> <p>6. We math checked the total count for Supreme Greens with MSM on the "Inventory Report" and the cost extension at \$6 per unit, the unit cost figure provided to us by Direct Marketing Concepts, Inc.</p> <p>7. We math checked the report entitled "Cost of Supreme Greens Product Sold."</p>	<p>For the Period January 2003 through June 2004" at \$300,078.00 and on the report "Unpaid Bills for Supreme Greens Product As of June 30, 2004" at \$298,691.89, for a difference of \$1,386.11.</p> <p>5. We obtained a report from Direct Marketing Concepts, Inc. entitled "Inventory Report" as of July 1, 2004. This report showed the number of units on hand at 6/30/04 of Supreme Green Caps and Supreme Green Powder. [The "Inventory Report" is an Excel worksheet. The only portion provided to us was the section that included Supreme Greens with MSM.]</p> <p>6. We found that when we totaled the units of Supreme Green Caps and Supreme Green Powder on the "Inventory Report" our total agreed with the total printed on the report. We also found that when we multiplied the total units on the "Inventory Report" by the \$6 unit cost, our result agreed with the total dollar amount printed on the report. [We noted on invoices dated 1/29/04 and 2/6/04 from Direct Business Concepts that the total cost per unit for both Supreme Greens with MSM capsules and powder was \$6.]</p> <p>7. We found that when we totaled the individual purchases listed on the report "Cost of Supreme Greens Product Sold" our Total Supreme Purchases agreed</p>

DIRECT MARKETING CONCEPTS, INC.
 AGREED-UPON PROCEDURES AND FINDINGS
 PERIOD JANUARY 1, 2003 THROUGH JUNE 30, 2004

ATTACHMENT A

<u>Order Section</u>	<u>Order Page</u>	<u>Description of information requested by the Preliminary Injunction Order dated June 23, 2004</u>	<u>Procedures</u>	<u>Findings</u>
VI. B. 4. cont'd			<p><u>B. Media Costs</u> <u>PAX Network</u></p> <p>1. We requested from Direct Marketing Concepts, Inc. and ITV Direct, Inc. a report showing the charges for all media airings on the PAX network for the period from the week beginning July 28, 2003 through the week beginning April 26, 2004. [There were no airings before 7/28/03 or after May 2, 2004.]</p>	<p>with the total printed on the report. We also found that the "Ending Inventory 6/30/2004" on the report "Cost of Supreme Greens Product Sold." Agreed with the dollar total cost of Supreme Greens with MSM in inventory at 6/30/04 on the "Inventory Report." Finally, we found that when we subtracted the 6/30/04 inventory of Supreme Greens with MSM from the total purchases of Supreme Greens with MSM for the period our result agreed with the Net Supreme Greens Product Cost printed on the report "Cost of Supreme Greens Product Sold."</p> <p>1. We obtained from Direct Marketing Concepts, Inc. and ITV Direct, Inc. weekly reports entitled "ITV Direct Wire Transfer Sent a/b/c For Week of x/y/z," where a/b/c represents the date of the wire transfer and x/y/z represents the beginning of the week during which the media aired. We also obtained a summary report entitled "Supreme Greens Media Costs By Month for PAX Network Only For the Period January 1, 2003 through June 30, 2004." [This report was extracted from an Excel spreadsheet for all PAX network media airings maintained by the Media Department of Direct Marketing Concepts, Inc.]</p>

Page 11 of 28

ITV 00529

ATTACHMENT A

DIRECT MARKETING CONCEPTS, INC.
 AGREED-UPON PROCEDURES AND FINDINGS
 PERIOD JANUARY 1, 2003 THROUGH JUNE 30, 2004

<u>Order Section</u>	<u>Order Page</u>	<u>Description of information requested by the Preliminary Injunction Order dated June 23, 2004</u>	<u>Procedures</u>	<u>Findings</u>
VI. B. 4. cont'd			<p>2. We scanned the weekly reports to verify that the media airings were only for Supreme Greens with MSM (product codes SGRN, SGAA, SGBB and SGCC).</p> <p>3. We math checked the weekly reports for selected weeks, those beginning: 8/18/03; 8/25/03; 9/8/03; 10/6/03; 11/10/03; 12/22/03; 2/9/04; 3/15/04; and 3/29/04.</p> <p>4. We traced all the individual weekly amounts on the summary report, "Supreme Greens Media Costs By Month for PAX Network Only For the Period January 1, 2003 through June 30, 2004," back to the total on the individual weeks' reports.</p> <p>5. We math checked the total of the summary report, "Supreme Greens Media Costs By Month for PAX Network Only For the Period January 1, 2003 through June 30, 2004."</p> <p><u>All Other Media</u></p> <p>1. We requested from Direct Marketing Concepts, Inc. and ITV Direct, Inc. reports showing the monthly charges for all media airings on all other media outlets (i. e., all media outlets other than the PAX Network discussed above) for the months January 2003 through</p>	<p>2. We found that the only media airings included in the dollar totals on the weekly reports were for product codes SGRN, SGAA, SGBB and SGCC.</p> <p>3. We found that when we totaled the selected weekly reports our total agreed with the totals printed on the reports selected for testing.</p> <p>4. We found each of the weekly amounts on the summary report to be in agreement with the totals on the individual weekly reports.</p> <p>5. We found that our total agreed with the printed total on the report.</p> <p>1. We obtained from Direct Marketing Concepts, Inc. and ITV Direct, Inc. monthly reports entitled "Supreme Greens Media Costs: x 200y" where x represents the month of the airing and y represents specific year. [This media database is maintained in a database called</p>

ATTACHMENT A

DIRECT MARKETING CONCEPTS, INC.
 AGREED-UPON PROCEDURES AND FINDINGS
 PERIOD JANUARY 1, 2003 THROUGH JUNE 30, 2004

<u>Order Section</u>	<u>Order Page</u>	<u>Description of information requested by the Preliminary Injunction Order dated June 23, 2004</u>	<u>Procedures</u>	<u>Findings</u>
VI. B. 4. cont'd			<p>June 2004.</p> <p>2. We scanned the monthly reports to verify that the media airings were only for Supreme Greens with MSM (product codes SGRN, SGAA, SGBB and SGCC).</p> <p>3. We math checked the monthly reports for the following months: January and March 2003 (see note); May 2003; July 2003; September 2003; and March 2004.</p> <p><u>Summary of all Media Costs</u> 1. We requested from Direct Marketing Concepts, Inc. and ITV Direct, Inc. a summary report showing the charges for all media airings for the months January 2003 through June 2004.</p>	<p>Mysql. "Middleware" called Lasso allows the user to access the database and print out reports via Web pages.]</p> <p>2. We found that the only media airings included in the dollar totals on the weekly reports were for product codes SGRN, SGAA, SGBB and SGCC.</p> <p>3. We found that when we totaled the selected monthly reports our total agreed with the totals printed on the reports. [We were told by Direct Marketing Concepts, Inc. and ITV Direct, Inc. that the costs listed in the database, and in the report, for the months of January 2003 through April 2003 were, in fact, for January 2004 through April 2004;; the year had been input into the system incorrectly. Since the period of the report covered the entire period January 2003 through June 2004, however, the dates for these three months were left unchanged on the summary report.]</p> <p>1. We obtained from Direct Marketing Concepts, Inc. and ITV Direct, Inc. a summary report entitled "Supreme Greens Media Costs By Month (paid by ITV Direct, Inc.)."</p>

DIRECT MARKETING CONCEPTS, INC.
 AGREED-UPON PROCEDURES AND FINDINGS
 PERIOD JANUARY 1, 2003 THROUGH JUNE 30, 2004

ATTACHMENT A

<u>Order Section</u>	<u>Order Page</u>	<u>Description of information requested by the Preliminary Injunction Order dated June 23, 2004</u>	<u>Procedures</u>	<u>Findings</u>
VI. B. 4. cont'd			<p>2. We traced the individual monthly amounts for "all other media" from monthly reports entitled "Supreme Greens Media Costs: x 200y" to the monthly amounts listed on the summary report entitled "Supreme Greens Media Costs By Month (paid by ITV Direct, Inc.)."</p> <p>3. We also traced the individual monthly amounts for PAX Network media from summary report "Supreme Greens Media Costs By Month for PAX Network Only For the Period January 1, 2003 through June 30, 2004" to the monthly amounts listed on the summary report entitled "Supreme Greens Media Costs By Month (paid by ITV Direct, Inc.)."</p> <p>4. We math checked the totals of the "PAX Media" and "ALL Others" columns on the summary report entitled "Supreme Greens Media Costs By Month (paid by ITV Direct, Inc.) as well as the grand total, all on the summary report entitled "Supreme Greens Media Costs By Month (paid by ITV Direct, Inc.)."</p>	<p>2. We found the individual monthly amounts for "all other media" listed on the summary report entitled "Supreme Greens Media Costs By Month (paid by ITV Direct, Inc.) to be in agreement with the monthly total on the monthly reports entitled "Supreme Greens Media Costs: x 200y."</p> <p>3. We found that the individual monthly amounts for PAX Network media listed on the summary report entitled "Supreme Greens Media Costs By Month (paid by ITV Direct, Inc.) agreed with the individual monthly totals listed on the summary report "Supreme Greens Media Costs By Month for PAX Network Only For the Period January 1, 2003 through June 30, 2004" to the monthly amounts listed on the summary report entitled "Supreme Greens Media Costs By Month (paid by ITV Direct, Inc.)."</p> <p>4. We found that our calculated totals of the "PAX Media" and "ALL Others" columns on the summary report entitled "Supreme Greens Media Costs By Month (paid by ITV Direct, Inc.) to be in agreement with the printed totals. We also found that the grand total, as printed, agreed with the totals of the "PAX Media" and "ALL Others" columns.</p>

Page 14 of 28

ITV 00532

DIRECT MARKETING CONCEPTS, INC.
 AGREED-UPON PROCEDURES AND FINDINGS
 PERIOD JANUARY 1, 2003 THROUGH JUNE 30, 2004

ATTACHMENT A

<u>Order Section</u>	<u>Order Page</u>	<u>Description of information requested by the Preliminary Injunction Order dated June 23, 2004</u>	<u>Procedures</u>	<u>Findings</u>
VI. B. 4. cont'd			<p><u>C. Packaging Costs</u></p> <p>1. We requested that Direct Marketing Concepts, Inc. provide to us a report showing the individual packaging costs incurred during the period from August 16, 2003, the date of the first sale of Supreme Greens with MSM, through June 30, 2004.</p> <p>2. We math checked the report entitled "Packaging Costs August 16, 2003 through June 2004."</p> <p>3. We requested that Direct Marketing Concepts, Inc. provide to us a report showing the allocation of packaging costs to the sales of Supreme Greens with MSM for the period August 16, 2003 through June 30, 2004.</p> <p>4. We requested that Direct Marketing Concepts, Inc. and ITV Direct, Inc. each provide to us a trial balance that combined the activity for each of the entities for</p>	<p>1. We obtained from Direct Marketing Concepts, Inc. a report entitled "Packaging Costs August 16, 2003 through June 2004." [This report was extracted from the Quickbooks general ledger system maintained by Direct Marketing Concepts, Inc.]</p> <p>2. We found that the grand total of the report we calculated agreed with the grand total printed on the last page of the report.</p> <p>3. We obtained from Direct Marketing Concepts, Inc. a report entitled "Supreme Greens Packaging Expense For the Period January 1, 2003 through June 30, 2004." [In reality, the report covered only the period August 16, 2003 through June 30, 2004.] This report related total packaging costs for the period August 16, 2003 through June 30, 2004 to the total net revenues recorded by Direct Marketing Concepts, Inc. for the same period. An allocation rate was calculated and then applied to the net sales of Supreme Greens with MSM during the same period to arrive at the packaging costs allocated to the sales of Supreme Greens with MSM.</p> <p>4. We obtained from Direct Marketing Concepts, Inc. and ITV Direct, Inc. reports entitled "Adjusted Trial Balance Combined Activity For the Period August, 16,</p>

Page 15 of 28

ITV 00533

DIRECT MARKETING CONCEPTS, INC.
 AGREED-UPON PROCEDURES AND FINDINGS
 PERIOD JANUARY 1, 2003 THROUGH JUNE 30, 2004

ATTACHMENT A

<u>Order Section</u>	<u>Order Page</u>	<u>Description of information requested by the Preliminary Injunction Order dated June 23, 2004</u>	<u>Procedures</u>	<u>Findings</u>
VI. B. 4. cont'd			<p>the period August 16, 2003 through June 30, 2004.</p> <p>5. We requested the Direct Marketing Concepts, Inc. provide to us a schedule of the adjusting journal entries for the period August 16, 2003 through June 30, 2004. [It was noted that there were no adjusting entries for ITV Direct.]</p> <p>6. We traced the three input components of the report entitled "Supreme Greens Packaging Expense" to other reports and recalculated the results.</p>	<p>2003 through June 30, 2004." These reports were prepared by Direct Marketing Concepts, Inc. and ITV Direct, Inc. by generating adjusted trial balances for each company as of August 15, 2003 (the day before the first sale of Supreme Greens with MSM), December 31, 2003 and June 30, 2004. The "Adjusted Trial Balance Combined Activity For the Period August 16, 2003 through June 30, 2004" was then prepared by subtracting the August 15, 2003 adjusted trial balance from the December 31, 2003 adjusted trial balance (to get the activity for the period August 16, 2003 through December 31, 2003) and adding in the June 30, 2004 adjusted trial balance.</p> <p>5. We obtained from Direct Marketing Concepts, Inc. a report entitled "Adjusting Journal Entries August 16, 2003 through June 30, 2004." We reviewed the entries and noted that the entries broke down into two categories: corrections of misclassified postings to revenue and expense items (with no net effect on net income); and adjustments to previous estimated depreciation entries.</p> <p>6. We traced the item labeled "Total Net Revenues, from Trial Balance" ("item 1") to the "Adjusted Trial Balance Combined Activity For the Period August 16, 2003 through June 30, 2004," which had a subtotal for</p>

Page 16 of 28

ITV 00534

DIRECT MARKETING CONCEPTS, INC.
 AGREED-UPON PROCEDURES AND FINDINGS
 PERIOD JANUARY 1, 2003 THROUGH JUNE 30, 2004

ATTACHMENT A

<u>Order Section</u>	<u>Order Page</u>	<u>Description of information requested by the Preliminary Injunction Order dated June 23, 2004</u>	<u>Procedures</u>	<u>Findings</u>
VI. B. 4. cont'd			<p><u>D. Shipping Costs</u></p> <p>1. We requested that Direct Marketing Concepts, Inc. provide to us a report showing the individual shipping costs incurred during the period from August 16, 2003, the date of the first sale of Supreme Greens with MSM, through June 30, 2004.</p> <p>2. We requested that Direct Marketing Concepts, Inc. provide to us a report showing the allocation of shipping costs to the sales of Supreme Greens with</p>	<p>net revenue and found the amounts to be in agreement. We traced the item labeled "Total Packaging Expenses from Trial Balance" ("item 2") to the grand total on the report "Packaging Costs" and found the amounts to be in agreement. We traced the item labeled "Supreme Greens Net Revenue" ("item 3") to the "Net Revenues" total on the report "Supreme Greens Net Revenues" and found the amounts to be in agreement. We then recalculated the percentage of item 2 divided by item 1 and found that the percentage we obtained agreed with the percentage printed on the report. We then multiplied item 3 by that percentage and found the amount we calculated to be in agreement with the amount printed on the report as "Packaging Expense Applied to Supreme Greens Net Revenues, at above percentage rate."</p> <p>1. We obtained from Direct Marketing Concepts, Inc. a report entitled "Total Shipping Costs August 16, 2003 through June 2004." [This report was extracted from the Quickbooks general ledger system maintained by Direct Marketing Concepts, Inc.]</p> <p>2. We obtained from Direct Marketing Concepts, Inc. a report entitled "Supreme Greens Shipping Expenses For the Period January 1, 2003 through June 30, 2004."</p>

DIRECT MARKETING CONCEPTS, INC.
 AGREED-UPON PROCEDURES AND FINDINGS
 PERIOD JANUARY 1, 2003 THROUGH JUNE 30, 2004

ATTACHMENT A

<u>Order Section</u>	<u>Order Page</u>	<u>Description of information requested by the Preliminary Injunction Order dated June 23, 2004</u>	<u>Procedures</u>	<u>Findings</u>
VI. B. 4. cont'd			<p>MSM for the period August 16, 2003 through June 30, 2004.</p> <p>3. We traced the three input components of the report "Supreme Greens Shipping Expenses" to other reports and recalculated the results.</p>	<p>[In reality, the report covered only the period August 16, 2003 through June 30, 2004.] This report related total shipping costs for the period August 16, 2003 through June 30, 2004 to the total net revenues recorded by Direct Marketing Concepts, Inc. for the same period. An allocation rate was calculated and then applied to the net sales of Supreme Greens with MSM during the same period to arrive at the shipping costs allocated to the sales of Supreme Greens with MSM.</p> <p>3. We traced the item labeled "Total Net Revenues, from Trial Balance" ("item 1") to the "Adjusted Trial Balance Combined Activity For the Period August 16, 2003 through June 30, 2004," which had a subtotal for net revenue and found the amounts to be in agreement. We traced the item labeled "Total Shipping Expenses from Trial Balance" ("item 2") to the grand total on the report "Total Shipping Costs" and found the amounts to be in agreement. We traced the item labeled "Supreme Greens Net Revenue" ("item 3") to the "Net Revenues" total on the report "Supreme Greens Net Revenues" and found the amounts to be in agreement. We then recalculated the percentage of item 2 divided by item 1 and found that the percentage we obtained agreed with the percentage printed on the report. We then multiplied item 3 by that percentage and found the amount we calculated to be in agreement with the</p>

ATTACHMENT A

DIRECT MARKETING CONCEPTS, INC.
 AGREED-UPON PROCEDURES AND FINDINGS
 PERIOD JANUARY 1, 2003 THROUGH JUNE 30, 2004

<u>Order Section</u>	<u>Order Page</u>	<u>Description of information requested by the Preliminary Injunction Order dated June 23, 2004</u>	<u>Procedures</u>	<u>Findings</u>
VI. B. 4. cont'd			<p><u>E. Development Costs</u></p> <p>1. We requested from Direct Marketing Concepts, Inc. and ITV Direct, Inc. a report showing all the costs of developing the infomercials related to Supreme Greens with MSM, from the date of the first incurred cost through June 30, 2004.</p> <p>2. We math checked the report entitled "Supreme Greens Accounting, Development Costs January 1, 2003 through June 30, 2004."</p> <p><u>F. Summary of All Sales and Marketing Costs</u></p> <p>1. We requested that Direct Marketing Concepts, Inc. and ITV Direct, Inc. provide to us a summary report showing all costs incurred in connection with the sales and marketing of Supreme Greens with MSM.</p> <p>2. We traced the five components of the report to other reports.</p>	<p>amount printed on the report as "Shipping Expense Applied to Supreme Greens Net Revenues, at above percentage rate."</p> <p>1. We obtained from ITV Direct, Inc. a report entitled "Supreme Greens Accounting, Development Costs January 1, 2003 through June 30, 2004. [This report was extracted from the Quickbooks general ledger system maintained by ITV Direct, Inc.]</p> <p>2. We found that the grand total of the report we calculated agreed with the grand total printed on the last page of the report.</p> <p>1. We obtained from Direct Marketing Concepts, Inc. a summary report entitled "Supreme Greens Direct Costs" which shows all of the direct costs related to the sale and marketing of Supreme Greens with MSM during the period from the date of the first sale through June 30, 2004.</p> <p>2. We traced the media costs to the report entitled "Supreme Greens Media Costs By Month (paid by ITV Direct, Inc.) and found that the grand total of that report agreed with the amount printed on the line</p>

DIRECT MARKETING CONCEPTS, INC.
 AGREED-UPON PROCEDURES AND FINDINGS
 PERIOD JANUARY 1, 2003 THROUGH JUNE 30, 2004

ATTACHMENT A

<u>Order Section</u>	<u>Order Page</u>	<u>Description of information requested by the Preliminary Injunction Order dated June 23, 2004</u>	<u>Procedures</u>	<u>Findings</u>
VI. B. 4. cont'd				<p>labeled "Media Costs" on the report entitled "Supreme Greens Direct Costs." We traced the product costs to the report entitled "Cost of Supreme Greens Product Sold" and found that the grand total of that report agreed with the amount printed on the line labeled "Product Costs." We traced the shipping costs to the report entitled "Supreme Greens Shipping Expenses For the Period January 1, 2003 through June 30, 2004." and found that the calculated shipping costs allocated to the sales of Supreme Greens with MSM on that report agreed with the amount printed on the line labeled "Shipping Costs." We traced the packaging costs to the report entitled "Supreme Greens Packaging Expense" and found that the calculated packaging costs allocated to the sales of Supreme Greens with MSM on that report agreed with the amount printed on the line labeled "Packaging Costs." We traced the development costs to the report entitled "Supreme Greens Accounting, Development Costs January 1, 2003 through June 30, 2004" and found that the grand total of that report agreed with the amount printed on the line labeled "Development Costs."</p> <p>3. We added up the dollar amounts associated with the five components of the report and found that our calculated total was one cent higher than the printed amount of "Total Direct Costs." This discrepancy was</p>

Page 20 of 28

ITV 00538

ATTACHMENT A

DIRECT MARKETING CONCEPTS, INC.
 AGREED-UPON PROCEDURES AND FINDINGS
 PERIOD JANUARY 1, 2003 THROUGH JUNE 30, 2004

<u>Order Section</u>	<u>Order Page</u>	<u>Description of information requested by the Preliminary Injunction Order dated June 23, 2004</u>	<u>Procedures</u>	<u>Findings</u>
VI. B. 4. cont'd				caused by the packaging and shipping costs being carryover calculated amount rather than being input amounts, as were the others. The difference, then, was due to rounding.
VI. B. 5.	25	<p>"[A]ll net profits collected and obtained directly or through any other corporation, or partnership, limited liability corporation, or other entity, in connection with the sales in the United States of Supreme Greens with MSM."</p> <p>This was interpreted to be net of an allocation of overhead to the sales of Supreme Greens with MSM per a conference call discussion on 7/2/04 with Daniel Kaufman, a lawyer with the Federal Trade Commission.</p>	<p>1. We requested that Direct Marketing Concepts, Inc. and ITV Direct, Inc. provide to us a summary report showing the net profits derived from the sale of Supreme Greens with MSM during the period from the first sale through June 30, 2004.</p> <p>2. We requested that Direct Marketing Concepts, Inc. provide to us a report showing the allocation of overhead to the sales of Supreme Greens with MSM for the period August 16, 2003 through June 30, 2004.</p> <p>3. We traced the three input components of the report "Supreme Greens Overhead Application" to other reports and recalculated the results.</p>	<p>1. We obtained from Direct Marketing Concepts, Inc. and ITV Direct, Inc. a summary report showing the net profits derived from the sale of Supreme Greens with MSM during the period from the first sale through June 30, 2004, entitled "Supreme Greens Accounting Net Profit (Loss) For the period January 1, 2003 through June 30, 2004."</p> <p>2. We obtained from Direct Marketing Concepts, Inc. a report entitled "Supreme Greens Overhead Allocation For the Period January 1, 2003 through June 30, 2004."</p> <p>3. We traced the item labeled "Total Net Revenues, from Trial Balance" ("item 1") to the "Adjusted Trial Balance Combined Activity For the Period August 16, 2003 through June 30, 2004," which had a subtotal for net revenue and found the amounts to be in agreement. We traced the item labeled "Total Selling, General & Administrative Expenses, from Trial Balance" ("item 2") to the "Adjusted Trial Balance Combined Activity For the Period August 16, 2003 through June 30,</p>

DIRECT MARKETING CONCEPTS, INC.
 AGREED-UPON PROCEDURES AND FINDINGS
 PERIOD JANUARY 1, 2003 THROUGH JUNE 30, 2004

ATTACHMENT A

<u>Order Section</u>	<u>Order Page</u>	<u>Description of information requested by the Preliminary Injunction Order dated June 23, 2004</u>	<u>Procedures</u>	<u>Findings</u>
VI. B. 5. cont'd				2004," which had a subtotal for Selling, General & Administrative Expenses and found the amounts to be in agreement. [We noted that the Selling, General & Administrative Expenses on the "Adjusted Trial Balance Combined Activity For the Period August 16, 2003 through June 30, 2004" did not include any of the direct costs detailed in the information provided for Order Section VI. B. 4. above.] We traced the item labeled "Supreme Greens Net Revenue" ("item 3") to the "Net Revenues" total on the report "Supreme Greens Net Revenues" and found the amounts to be in agreement. We then recalculated the percentage of item 2 divided by item 1 and found that the percentage we obtained agreed with the percentage printed on the report. We then multiplied item 3 by that percentage and found the amount we calculated to be in agreement with the amount printed on the report as "Overhead Applied to Supreme Greens Net Revenues, at above percentage rate."
VI. B. 6.	25	"[A]ll transfers of assets between the Defendants and any related or affiliated corporate entities or individuals in excess of Ten thousand and 00/100 dollars (\$10,000) since January 2003."	1. We requested from Direct Marketing Concepts, Inc. and ITV Direct, Inc. reports showing all credits recorded in all cash accounts (i. e., all cash disbursements and transfers) for the period January 1, 2003 through June 30, 2004, exclusive of payroll, sorted by pay date, in ascending date order from January 1, 2003.	1. We obtained from Direct Marketing Concepts, Inc. a report entitled "Credits to ALL Cash Accounts, January 1, 2003 through June 30, 2004" and from ITV Direct, Inc. a report entitled "All Credits to All Cash Accounts, January 2003 through June 2004." These data were extracted from the databases of reconciled transactions in the Quickbooks general ledger systems utilized by

Page 22 of 28

ITV 00540

DIRECT MARKETING CONCEPTS, INC.
 AGREED-UPON PROCEDURES AND FINDINGS
 PERIOD JANUARY 1, 2003 THROUGH JUNE 30, 2004

ATTACHMENT A

<u>Order Section</u>	<u>Order Page</u>	<u>Description of information requested by the Preliminary Injunction Order dated June 23, 2004</u>	<u>Procedures</u>	<u>Findings</u>
VI. B. 6. cont'd			<p>2. We requested from Direct Marketing Concepts, Inc. and ITV Direct, Inc. reports showing all credits to all cash accounts (i. e., all cash disbursements and transfers) over \$10,000 for the period January 1, 2003 through June 30, 2004, exclusive of payroll, sorted by payment date, in ascending date order from January 1, 2003, with a verification total of all payments listed on this schedule. We requested that a verification total of all items be printed on each report.</p>	<p>both companies. The data were then "frozen" by the companies and converted into an Excel format so that the data could be sorted by date and by payee. [These reports represented disbursements exclusive of payroll.] We received from both Direct Marketing Concepts, Inc. and ITV Direct, Inc. printouts of all disbursements, exclusive of payroll, generated from the each company's Quickbooks system, with a verification total, as well as the Excel versions entitled "Credits to ALL Cash Accounts, January 1, 2003 through June 30, 2004" (Direct Marketing Concepts, Inc.) and "All Credits to All Cash Accounts, January 2003 through June 2004" (ITV Direct, Inc.). We found the verification totals of each version to be in agreement for each company.</p> <p>2. We obtained from Direct Marketing Concepts, Inc. a report entitled "Credits > \$10,000 to ALL Cash Accounts, January 1, 2003 through June 30, 2004" and from ITV Direct, Inc. a report entitled "Credits > \$10K to ALL Cash Accounts, January 2003 through June 2004," both sorted by payment date. Each of the two reports had a verification total. [These reports represented disbursements exclusive of payroll.] As indicated above, these reports were extracted from the reports entitled "Credits to ALL Cash Accounts, January 1, 2003 through June 30, 2004" (Direct</p>

Page 23 of 28

ITV 00541

DIRECT MARKETING CONCEPTS, INC.
 AGREED-UPON PROCEDURES AND FINDINGS
 PERIOD JANUARY 1, 2003 THROUGH JUNE 30, 2004

ATTACHMENT A

<u>Order Section</u>	<u>Order Page</u>	<u>Description of information requested by the Preliminary Injunction Order dated June 23, 2004</u>	<u>Procedures</u>	<u>Findings</u>
VI. B. 6. cont'd			<p>3. We compared each of the two reports showing all credits to all cash accounts (i. e., all cash disbursements and transfers) over \$10,000 for the period January 1, 2003 through June 30, 2004, exclusive of payroll (as described in #2 immediately above) to the respective complete reports showing all credits to all cash accounts (i. e., all cash disbursements and transfers) for the period January 1, 2003 through June 30, 2004, exclusive of payroll (as described in #1 immediately above) to verify that all payments over \$10,000 on the complete list (#1 above) were also on the respective lists of payments over \$10,000 (#2 above), except for the transfers between cash accounts within each company.</p>	<p>Marketing Concepts, Inc.) and "All Credits to All Cash Accounts, January 2003 through June 2004" (ITV Direct, Inc.) by sorting the data to list only those credits over \$10,000. Transfers between cash accounts within each company were excluded. Transfers between the two companies were included.</p> <p>3. We found that all payments on each of the two reports of all credits to all cash accounts (i. e., all cash disbursements and transfers) over \$10,000 for the period January 1, 2003 through June 30, 2004, exclusive of payroll (as described in #2 immediately above) were also on the respective complete reports of all credits to all cash accounts (i. e., all cash disbursements and transfers) for the period January 1, 2003 through June 30, 2004, exclusive of payroll (as described in #1 immediately above), except for the transfers between cash accounts within each company. We also found that all payments over \$10,000 on either of the two complete reports of all credits to all cash accounts (i. e., all cash disbursements and transfers) for the period January 1, 2003 through June 30, 2004 (as described in #1 immediately above) were also on either of the respective reports of all credits to all cash accounts (i. e., all cash disbursements and transfers) over \$10,000 for the period January 1, 2003 through June 30, 2004 (as described in #2 immediately above).</p>

Page 24 of 28

ITV 00542

DIRECT MARKETING CONCEPTS, INC.
 AGREED-UPON PROCEDURES AND FINDINGS
 PERIOD JANUARY 1, 2003 THROUGH JUNE 30, 2004

ATTACHMENT A

<u>Order Section</u>	<u>Order Page</u>	<u>Description of information requested by the Preliminary Injunction Order dated June 23, 2004</u>	<u>Procedures</u>	<u>Findings</u>
VI. B. 6. cont'd			<p>4. We requested from Direct Marketing Concepts, Inc. and ITV Direct, Inc. reports showing all credits to all cash accounts (i. e., all cash disbursements and transfers) over \$10,000 for the period January 1, 2003 through June 30, 2004, exclusive of payroll, with a primary sort by payee name and a secondary sort by payment date within the payee name sort, again with a verification total of payments shown on this schedule.</p> <p>5. We compared the verification totals of each of the two reports described in items #2 and #4 immediately above (one sorted by payee and one sorted by date) to determine if they were in agreement and, therefore, that the databases were identical.</p>	<p>again, exclusive of payroll and except for the transfers between cash accounts within each company.</p> <p>4. We obtained from Direct Marketing Concepts, Inc. a report entitled "Credits > \$10,000 to ALL Cash Accounts, January 1, 2003 through June 30, 2004" and from ITV Direct, Inc. a report entitled "Credits > \$10K to All Cash Accounts, January 2003 through June 2004," both with a primary sort by payee name and a secondary sort by payment date within the payee name sort. [These reports represented disbursements exclusive of payroll.]</p> <p>5. We found the verification totals on each of the two versions of "Credits > \$10,000 to ALL Cash Accounts, January 1, 2003 through June 30, 2004" (from Direct Marketing Concepts, Inc.), one sorted by payee and the other by date, to be in agreement. We also found and the verification totals on each of the two versions of "Credits > \$10K to All Cash Accounts, January 2003 through June 2004" (from ITV Direct, Inc.), one sorted by payee and the other by date, to be in agreement. We also compared the individual items for "the Defendants and any related or affiliated corporate entities or individuals" listed on each of the two versions of "Credits > \$10,000 to ALL Cash Accounts, January 1, 2003 through June 30, 2004" (from Direct Marketing</p>

Page 25 of 28

ITV 00543

DIRECT MARKETING CONCEPTS, INC.
 AGREED-UPON PROCEDURES AND FINDINGS
 PERIOD JANUARY 1, 2003 THROUGH JUNE 30, 2004

ATTACHMENT A

<u>Order Section</u>	<u>Order Page</u>	<u>Description of information requested by the Preliminary Injunction Order dated June 23, 2004</u>	<u>Procedures</u>	<u>Findings</u>
VI. B. 6. cont'd			<p>6. We requested that Direct Marketing Concepts, Inc. and ITV Direct, Inc. review the respective reports showing all credits to all cash accounts (i. e., all cash disbursements and transfers) over \$10,000 for the period January 1, 2003 through June 30, 2004, exclusive of payroll, with a primary sort by payee name and a secondary sort by payment date within the payee name sort, and remove all payees other than "the Defendants and any related or affiliated corporate entities or individuals" from the report.</p> <p>7. We compared the listing of all credits to all cash accounts (i. e., all cash disbursements and transfers) over \$10,000 for the period January 1, 2003 through June 30, 2004, exclusive of payroll, made to "the</p>	<p>Concepts, Inc.) and each of the two versions of "Credits > \$10K to All Cash Accounts, January 2003 through June 2004" (from ITV Direct, Inc.) and found that all such individual listings were identical on each of the two sets of lists and that there were no other listings for "the Defendants and any related or affiliated corporate entities or individuals" on either list sorted by payee that were not also on the other list sorted by date. [These reports represented disbursements exclusive of payroll.]</p> <p>6. We received from Direct Marketing Concepts, Inc. and ITV Direct, Inc. reports entitled "Credits > \$10,000 to All Cash Accounts, January 1, 2003 through June 30, 2004 - to 'the Defendants and any related or affiliated corporate entities or individuals'" (from Direct Marketing Concepts, Inc.) and "Credits > \$10K to All Cash Accounts, January 2003 through June 2004 - to 'the Defendants and any related or affiliated corporate entities or individuals'" (from ITV Direct, Inc.). [These reports represented disbursements exclusive of payroll.]</p> <p>7. We found that the payments listed on the reports "Credits > \$10,000 to ALL Cash Accounts, January 1, 2003 through June 30, 2004 - to 'the Defendants and any related or affiliated corporate entities or</p>

Page 26 of 28

ITV 00544

DIRECT MARKETING CONCEPTS, INC.
 AGREED-UPON PROCEDURES AND FINDINGS
 PERIOD JANUARY 1, 2003 THROUGH JUNE 30, 2004

ATTACHMENT A

<u>Order Section</u>	<u>Order Page</u>	<u>Description of information requested by the Preliminary Injunction Order dated June 23, 2004</u>	<u>Procedures</u>	<u>Findings</u>
VI. B. 6. cont'd			<p>Defendants and any related or affiliated corporate entities or individuals" (as described in #6 immediately above) to the complete listing of all credits to all cash accounts (i. e., all cash disbursements and transfers) over \$10,000 for the period January 1, 2003 through June 30, 2004 (as described in #4 immediately above) to verify that all payments over \$10,000 to any of "the Defendants and any related or affiliated corporate entities or individuals" on the complete list (#4 above) were also on the list of payments over \$10,000 to "the Defendants and any related or affiliated corporate entities or individuals" (#6 above).</p>	<p>individuals" (from Direct Marketing Concepts, Inc.) and "Credits > \$10K to All Cash Accounts, January 2003 through June 2004 - to 'the Defendants and any related or affiliated corporate entities or individuals'" (from ITV Direct, Inc.) comprised all payments over \$10,000, exclusive of payroll, to the parties listed on page 1 of the Preliminary Injunction Order as to Defendants Direct Marketing Concepts, Inc., ITV Direct, Inc., and Donald W. Barrett and to any other "related or affiliated corporate entities or individuals" known to us at this time. We also found that there were no other payments over \$10,000, exclusive of payroll to "the Defendants and any related or affiliated corporate entities or individuals" that were on the complete reports of "Credits > \$10,000 to ALL Cash Accounts, January 1, 2003 through June 30, 2004" (from Direct Marketing Concepts, Inc.) or "Credits > \$10K to All Cash Accounts, January 2003 through June 2004" (from ITV Direct, Inc.) that were not also on the reports "Credits > \$10,000 to ALL Cash Accounts, January 1, 2003 through June 30, 2004 - to 'the Defendants and any related or affiliated corporate entities or individuals'" (from Direct Marketing Concepts, Inc.) or "Credits > \$10K to All Cash Accounts, January 2003 through June 2004 - to 'the Defendants and any related or affiliated corporate entities or individuals'" (from ITV Direct, Inc.) [Again,</p>

Page 27 of 28

ITV 00545

DIRECT MARKETING CONCEPTS, INC.
 AGREED-UPON PROCEDURES AND FINDINGS
 PERIOD JANUARY 1, 2003 THROUGH JUNE 30, 2004

<u>Order Section</u>	<u>Order Page</u>	<u>Description of information requested by the Preliminary Injunction Order dated June 23, 2004</u>	<u>Procedures</u>	<u>Findings</u>
VI. B. 6. cont'd				these reports represented disbursements exclusive of payroll.]
VI. B. 7.	25	<p>"[T]he location and amount of all assets of the Defendants, including all assets held either (1) by any Defendant in this action, (2) for Barrett's, Direct Marketing Concepts, Inc.'s or ITV's benefit, or (3) under any Defendants' direct or indirect control, jointly or severally."</p> <p>For the purposes of this engagement, this was interpreted to be compiled balance sheets, without disclosures (i. e., footnotes) of Direct Marketing Concepts, Inc. and ITV Direct, Inc., both as of 6/30/04 per a conference call discussion on 7/2/04 with Daniel Kaufman, a lawyer with the Federal Trade Commission.</p>	<p>1. We requested that Direct Marketing Concepts, Inc. and ITV Direct, Inc. provide to us balance sheets for each of the two entities as of June 30, 2004, prepared from each company's general ledger.</p> <p>2. We requested that Direct Marketing Concepts, Inc. and ITV Direct, Inc. provide to us trial balances as of June 30, 2004.</p> <p>3. We traced the June 30, 2004 asset and liability balances on the each balance sheet to the respective Adjusted Trial Balance as of June 30, 2004.</p>	<p>1. We obtained from Direct Marketing Concepts, Inc. and ITV Direct, Inc. balance sheets for each of the two entities as of June 30, 2004. These balance sheets were derived from the Quickbooks general ledger systems utilized by Direct Marketing Concepts, Inc.</p> <p>2. We obtained from each of Direct Marketing Concepts, Inc. and ITV Direct, Inc. an Adjusted Trial Balance as of June 30, 2004. [See above discussion about adjusting entries.]</p> <p>3. We found the amounts on each of the two reports for each of the companies to be in agreement. [It should be noted that while there is a line item on the ITV Direct, Inc. balance sheet labeled "Due to Direct Marketing Concept" in the amount of \$8,329,970.00, there is no corresponding line item on the balance sheet of Direct Marketing Concepts, Inc. reflecting a due from ITV Direct, Inc. The corresponding amount on the financial statements of Direct Marketing Concepts, Inc. is included in cost of sales.]</p>

CONFIDENTIAL

DIRECT MARKETING CONCEPTS, INC.

APPENDIX TO REPORT ON AGREED-UPON PROCEDURES

ITV 00547

SCHEDULES

- 1. Supreme Greens Revenues By Month**
- 2. Supreme Greens Refunds By Month**
- 3. Supreme Greens Net Revenues**
- 4. Supreme Greens Direct Costs**
- 5. Supreme Greens Media Costs By Month**
- 6. Cost of Supreme Greens Product Sold**
- 7. Inventory Report**
- 8. Supreme Greens Shipping Expenses**
- 9. Supreme Greens Packaging Expense**
- 10. Supreme Greens Net Profit (Loss)**
- 11. Supreme Greens Overhead Allocation**
- 12. Transfers Over \$10K – Direct Marketing**
- 13. Transfers Over \$10K – ITV Direct**
- 14. Balance Sheet – Direct Marketing**
- 15. Balance Sheet – ITV Direct**